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## THE IRVING MERCANTILE CORPORATION—PART II

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H. H. RYAN  
Principal, Irving School, St. Louis, Missouri

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Part I described the general plan of the organization of a mercantile corporation by the pupils in the Irving School of St. Louis. The present article continues the description in detail.

### V. DETAILED ACCOUNT BOARD OF DIRECTORS

The process of incorporating was not conducted exactly in conformity to the corporation laws of the state of Missouri. In fact, the most accurate way of describing what was done in this respect is to say that the process was omitted altogether. It was desired to avoid the error of attempting too much, and to this end some things were assumed as having been done.

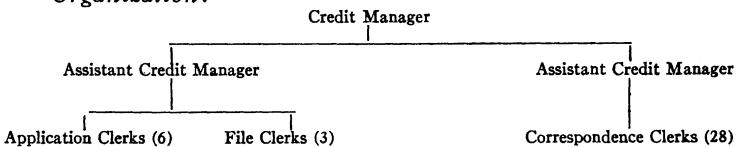
The major operations of the board were as follows:

1. Organization—President, Vice-President, Secretary. The Treasurer was an appointee of the general manager.
2. Selection of general manager.
3. Setting amount of capital stock, \$300,000.
4. Adoption of general manager's report showing that a gross profit of 35 per cent would be necessary to pay a dividend.
5. Adoption of general manager's pay-roll schedule, in the construction of which she had been assisted by the department managers.
6. Receiving general manager's report of first sale, and declaring a dividend of 4.2 per cent.

#### GENERAL MANAGER

The work of the general manager was that of general supervision of the whole project. She got out bulletins directing the activities of the corporation and securing co-operation among the several departments. Certain of her acts are mentioned above in connection with her relations with the board of directors.

## CREDIT DEPARTMENT

*Organization:**Source of information:*

The pupils of this department visited the Scruggs-Vandervoort-Barney Dry Goods Company, accompanied by their adviser, Miss Laura Smyth. The head of the Vandervoort credit department, Mr. W. T. Snider, devoted the morning to them. He took them first to the auditorium, and there explained briefly the route over which he was about to conduct them; next, to the tube room, where the great bulk of charge purchases are OK'd; then to his own office, where unusual cases are settled upon the basis of information kept there in card-catalog form; and finally back to the auditorium, where he gave a detailed description of the main features of the department.

In this latter talk Mr. Snider told what credit is, what points are considered in relation to an application for credit, the importance attached to the past record of the applicant, the testimony of his present associates given as references, and such evidences of thrift as bank account, savings account, etc. Two considerations seemed to include the greater part of the problem with respect to a given applicant—his ability to pay, as shown by his financial resources, and his disposition to pay, as shown by his past record and his reputation among his present associates. Mr. Snider closed his talk with a demonstration of the act of taking an application.

*Procedure:*

During the eight weeks just prior to the sale, the credit department received applications for charge accounts. The pupils appeared, a few at a time, at weekly periods set aside for the operations of the corporation, and made application in person. They were received by application clerks. Letters of inquiry (Form C-2), as shown on page 745, were sent to the references given, who were in most cases teachers. Most of these went through the post office operated in connection with the advertising department. When the replies had been received and contents noted, the applicant was advised

as to the decision. If this was favorable, a suitable form was used. About six applications were rejected because of adverse testimony, and individual letters were sent to these pupils. The use of a form for such purposes is evidently not advisable. The names of the successful applicants were card-cataloged for future reference.

On the day of the sale the manager, his assistants, and some fifteen clerks were on duty to receive the applications of the visitors and to pass upon the charge purchases. There were four or five attempts to buy goods on false pretense of credit, which were promptly blocked, the file clerk simply referring to his card catalog, where the condition of the account, if any, was shown. It will be seen that it is in the case of "charge-take" purchases that an immediate answer must be given the salesman who has waited upon the customer; in the cases of "charge-send" purchases the delivery

## IRVING MERCANTILE CORPORATION

Credit Department  
George Kublin, Manager  
Katherine Hayes, Assistant  
Henrietta Sievers, Assistant

St. Louis, Mo., \_\_\_\_\_

DEAR \_\_\_\_\_:

\_\_\_\_\_ has applied for a credit account and has given your name as reference. We will greatly appreciate any information you may give us concerning the applicant by filling out the enclosed information blank.

Thanking you in advance for your kind co-operation, I remain

Yours truly,

GEORGE KUBLIN  
*Credit Manager*  
by \_\_\_\_\_

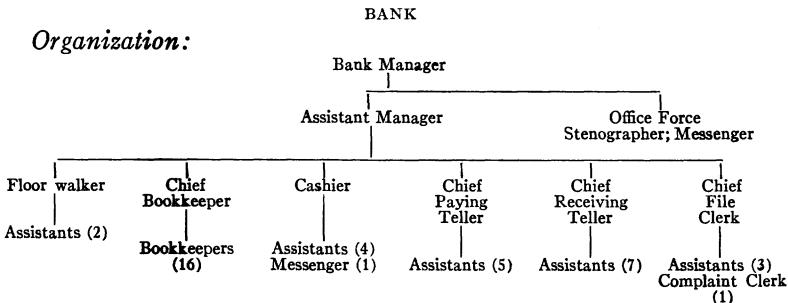
(Form C-2)

IRVING MERCANTILE CORPORATION  
INFORMATION CARD

- |                                  |                                 |  |  |                                 |                                    |                                 |
|----------------------------------|---------------------------------|--|--|---------------------------------|------------------------------------|---------------------------------|
| 1. Is applicant attentive? _____ | 2. Is applicant studious? _____ | 3. Does applicant work to the best of _____ ability? _____ | 4. Does applicant have work ready on time? _____ | 5. Is applicant punctual? _____ | 6. Is applicant trustworthy? _____ | 7. Is applicant reliable? _____ |
| Remarks _____                    |                                 |  |  |                                 |                                    |                                 |

Signed \_\_\_\_\_  
Referee \_\_\_\_\_

of the article was held up until the credit department had had time to OK it.



#### *Sources of information:*

This department had the advantage of tradition, for the organization of the Irving School Bank antedates that of the Mercantile Corporation by several years. This bank had been used by Miss May L. McNichol as a device for the teaching of eighth-grade arithmetic. At the opening of the larger project the bank simply merged its identity into that of the corporation in such a way as to become one department of the latter.

The advantage here lay in Miss McNichol's familiarity with the operations of banks and her experience in organizing the pupils into such a concern. In the beginning she had informed herself thoroughly with the aid of friends who were bankers or accountants and through the study of books on the subject. Nevertheless, during the work of the corporation three bankers were induced to visit the school and explain the business in some detail. These were R. L. Guerney and Henri Chenet, of the American Trust Company, and M. E. Holderness, of the Third National Bank. In the course of their lectures these men distributed descriptive literature, explained commercial paper, exhibited samples of the latter and and left some for the guidance of the pupils, and gave illuminating discussions of savings, investments, and thrift in general.

#### *Procedure:*

1. Application for account: Pupils applied in person for accounts, appearing a few at a time during certain weekly banking hours. They were interviewed by the chief receiving teller, a card being filled out and filed. No references were required here, and no applications were rejected.

2. Deposits: These came by way of the receiving tellers, who signed the duplicate deposit slips by way of receipting for the money. At the end of the day the cashier and his assistants checked up the receiving tellers, to see that the deposit slips balanced with the cash, checks, and vouchers. The deposit slips went to the file clerks, who filed them alphabetically in the pigeon-hole distributor. With the depositors' names listed in alphabetical order, each bookkeeper was assigned a section of the alphabet, the accounts for which he was responsible being determined in this way. Thus each bookkeeper got from the file his allotment of deposit slips, noted the items, and again filed them, this time by dates, card-catalog fashion, an envelope being used to contain the slips of a given account. This last was the permanent file, to which any officer might refer in case of a dispute over deposits.

3. Checks and vouchers: These were cashed at the window by the paying tellers or taken in deposit by the receiving tellers and were handed, after the daily audit by the cashiers, to the file clerks, who filed them alphabetically as above. There they were found by the bookkeepers, the items noted, and again filed alphabetically, an envelope being used for each account. Later, of course, they reached the depositor as a part of his monthly statement.

4. Ledgers: Partly used teachers' class books, after being ruled to suit, were employed for ledgers. As indicated above, each bookkeeper's ledger contained a certain group of accounts, with an entry for each deposit or withdrawal. The cashier also kept an account which was a daily summary of the bank's business.

Most of the printed matter necessary for the business of the bank was donated by banks in the city. Some forms were mimeographed.

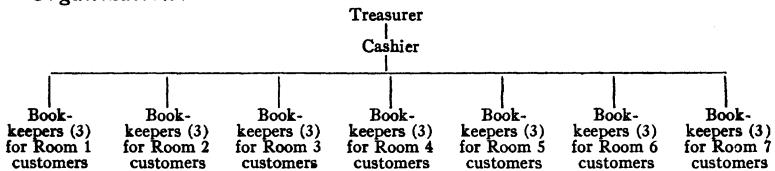
All the simpler problems of checking accounts came up: cases where the genuineness of the signature was doubted, in which reference was made to the official authorized signature on file, or the matter brought to the attention of the alleged signer; overdrafts, which resulted in the protest of the checks, payment of protest fee of three dollars being required. Some of the officials of the corporation had two accounts each—a personal account and an account for corporation funds. Occasionally the two were mixed, the disentanglement involving some excitement. The tellers,

without any coaching whatever, developed a chronically grouchy and suspicious attitude toward the paper that came through their hands, and no paper with commercial imperfections was tolerated.

It will be seen that the operations of the bank were confined to the handling of checking accounts, no attempt being made to go into savings, stocks and bonds, nor the investment side of banking.

#### TREASURY AND BOOKKEEPING DEPARTMENT

##### *Organization:*



It will be seen from the above that three of the employees of the treasury department were designated to look after the dealings of the customers from a given room with the corporation. In the sale of stock these three acted as tellers. In writing checks for the salaries and for the payment of dividends they acted as clerks. In recording the sale of merchandise to customers they acted as book-keepers.

##### *Source of information:*

Miss Agnes L. Gross, who was in charge of this department, informed herself by means of treatises on bookkeeping and accounting and by conferences with friends who were accountants and with members of the accounting departments of three St. Louis business houses—Vandervoort's, Steinberg's, and Garland's. She found it necessary to originate her own system of records to fit the situation.

##### *Procedure:*

1. Sale of stock: After an advertising campaign blank applications were distributed. During the weekly period set aside for corporation business the pupils appeared, a few at a time, and handed in their subscription blanks, receiving installment scrip in cases of purchase in installments. The minimum to one stockholder was ten shares of par value \$100 per share. When final payment for the block of stock was made the stock certificate (Form T-4) was delivered. (See page 750.) An account was opened for each block of stock purchased on the installment plan. A list of names

and addresses of stockholders was kept, together with certain other data. It was the cashier's business to check up the tellers at the end of the day's operations.

The capital thus realized was deposited by the treasurer in the bank, and was used to finance the operations of the corporation, including pay-roll, material, supplies, equipment, merchandise to stock the store, etc.

At this writing the department is just beginning the operation of distributing dividends. A conventional form of check will be used, being mailed to the stockholders through the Irving post office (Room 3).

2. Pay-roll: The employees of the corporation were paid twice, once at the end of the first six weeks, and once after the sale. The pay-roll for each department was made up by the department manager. The number of school days in the period was taken as the basis for allowing pay, an absence of three days in each fiscal period being permitted without loss of pay, the assumption being that sickness was the cause. Salary was deducted pro rata for absence beyond this allowance. The pay-rolls were checked over by the general manager and by her certified to the treasurer. The pay checks were made out by the clerks of the treasury department and stamped with the treasurer's signature. Checks and pay-roll were then handed back to the department managers, who were responsible for delivering the checks and obtaining the employee's signature by way of receipt. These checks, when they had found their way through the bank and back to the treasurer, were filed as evidence of disbursement.

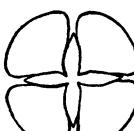
3. Bookkeeping: The charge accounts of the pupils of a given room were divided among three bookkeepers. The bookkeeper was advised of the charge purchases of his group of customers through the receipt of the sales slips. When the items had been noted the slips were filed, those of a given customer being assembled in an envelope. A payment on account was indicated by the arrival of the statement-coupon, by way of the cashier, bearing the amount, date, customer's name, etc. This payment on account would of course follow the rendering of a statement through the post office.

BUYING DEPARTMENT; SALES DEPARTMENT

*Organization:*

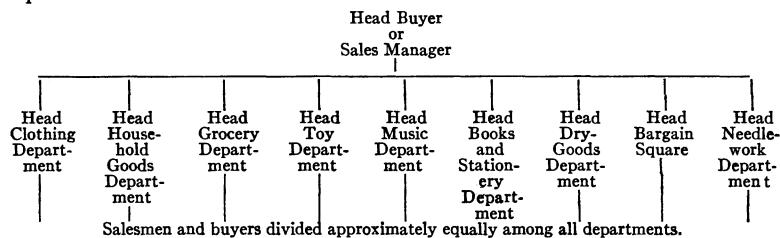
NOTE: While it was intended at first to run these two departments separately, it was found that in the organization of most

[June]

|  |  |   |
|--|--|---|
|   | No. _____  | Capital Stock<br>\$300,000                  |
|  | Shares _____   |   |
|  | <b>IRVING MERCANTILE CORPORATION</b><br>of St. Louis |   |
| <p>THIS CERTIFIES THAT<br/>           is the owner of _____ shares of one hun-<br/>           dred dollars each of the Capital Stock of<br/> <b>IRVING MERCANTILE CORPORATION</b> of St. Louis, Mo., fully<br/>           paid and non-assessable, transferable only on the books<br/>           of the Corporation by the holder hereof in person or by<br/>           attorney, upon surrender of this certifi-<br/>           cate properly endorsed.</p> |  |   |
| <p>IN WITNESS WHEREOF the said Corpora-<br/>           tion has caused this certificate to be<br/>           signed by its duly authorized officers and<br/>           to be sealed with the seal of the Corpor-<br/>           ation this _____ day of _____ A.D. 19____.</p>   |  |   |
| <hr style="margin-bottom: 5px;"/> Secretary  |  | <hr style="margin-bottom: 5px;"/> President |

|   |  |
|---|--|
| <p>FOR VALUE RE-<br/>CEIVED <u>  </u> hereby<br/>sell, assign and<br/>transfer unto</p> <p><u>                </u><br/>shares of the<br/>Capital Stock<br/>represented by<br/>the within cer-<br/>tificate and do<br/>appoint</p> <p><u>                </u><br/>to transfer the<br/>said stock on<br/>the books of the<br/>Corporation with<br/>full power of<br/>substitution in<br/>the premises.</p> <p><u>                </u><br/><br/>Witness<br/>Date <u>            </u></p> | <p>CERTIFICATE<br/>for<br/><u>                </u><br/>Shares<br/>of the<br/>CAPITAL STOCK</p> <p>IRVING<br/>MERCANTILE<br/>CORPORATION<br/>of<br/>St. Louis, Mo.</p> <p>Issued to<br/><u>                </u><br/><br/>Date <u>            </u></p> |
|---|--|

modern business concerns and in the actual turnover of goods the activities of the two are so closely interwoven as to make it advisable to merge them almost entirely. Eventually both departments here came to do both buying and selling, working co-ordinately, each with its manager. One still retained his title as head buyer and the other that of sales manager, and in cases where there was a dispute over matters of either buying or selling, the decision of the head buyer or of the sales manager prevailed, as the case might be. Hence the organization found below existed in both departments.



*Source of information:*

1. **Buying:** The pupils of these two rooms, under the chaperonage of Misses Mary E. Hoover and Berenice Anger, visited Vandervoort's, where the head buyer, Mr. E. L. Howe, devoted the morning to them. He gave them a great deal of information, of which the following may be taken as typical:

In modern business, after goods have been bought, they enter the institution through the "receiving room," or, in the case of bulkier goods, through the warehouse. There the buyer who contracted for them marks them with the selling price and with a stock number ingeniously devised to show the departments and subdivisions to which they respectively belong. The cost price is not indicated in any way, and after the selling price has been fixed, no further attention is given the cost price. All of us were ready to concede that in modern retail business the cost price appears to be entirely disregarded.

2. **Salesmanship:** Mr. Thomas W. Garland, of Garland's, came to the school, brought a party of salesladies and a supply of posters and placards, and gave a talk on salesmanship which all the pupils of the corporation were permitted to hear. Following his talk the salesladies gave a one-act skit illustrating the art of

selling goods—two acted the parts of customers, one that of floor-walker, one that of saleslady, and four those of models. The actual wares were displayed, and the range of attraction and interest was not limited to those actually taking part in the corporation activities. When the models appeared in the halls, wearing dresses, suits, or cloaks, many of them gorgeous and costly, most of the other eighteen classrooms were at once without teachers.

*Procedure:*

1. **Buying:** There were two types of persons who stood to the corporation in the relation of wholesale dealer—pupils of the school who agreed to lend articles for display on the day of the sale, or to donate articles to be sold for United States currency for the benefit of the school fund, and certain well-known wholesale houses of St. Louis and other cities, for which we took the liberty of appointing pupil representatives.

In the case of the former, the pupil and the buyer agreed upon a price, the article was delivered, and a tag attached bearing the cost price in code and the selling price in plain figures. The gross profit was uniformly figured at 35 per cent, from which it will appear that for each such article a percentage computation was necessary.

In the case of the wholesale house, catalog pictures of clothing, furniture, etc., were cut out and mounted upon cardboard, the cost and selling prices being marked as above. Such articles were assumed to be in the warehouse and hence not immediately accessible for inspection. When a salesman made a sale from such a mounted picture he made a note of the fact on the back of the cardboard. After the sale the buyers shamelessly counted these up and ordered the proper number from the wholesaler, addressing the order in care of the pupil representative.

Several St. Louis firms donated or loaned for the day clothing, dress forms, furniture, and dummy grocer's cartons, so that, all in all, enough actual goods were on display to give the store a realistic appearance.

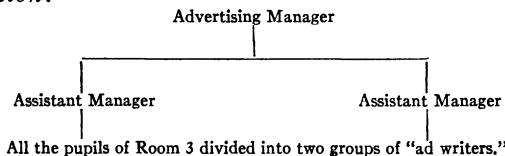
For goods acquired in these various ways payment was made in the following manner: At the time of the contract the wholesaler was handed a blank statement-voucher, which is a combination of bill head and check. On this he made out his bill in the conventional way and then he returned it to the buyer with whom he had

dealt. The buyer OK'd it and sent it to the treasurer, who thereupon filled out the check portion and sent the whole to the wholesaler. When the wholesaler had endorsed it properly he presented it at the bank, whence it eventually reached the treasurer as a canceled voucher, and was filed by him as evidence of disbursement.

2. Selling: It was the duty of the salesmen to familiarize themselves with the talking points of their line and be prepared to victimize all customers who came into range. If the gentle reader has not tried such an experiment he does not realize what a twelve-year-old child can do in this direction without previous experience. Each salesman was provided with an honest-to-goodness salesbook, through the generosity of Vandervoort's and Garland's. The sales slip is in duplicate with a triplicate impression on a plain white sheet, the latter remaining in the salesbook and finally reaching the auditor. The original merchandise slip goes to the cashier and finally to the head bookkeeper, the duplicate to the customer. The delivery slips at the top are used in the packing-room as address slips, being pasted on the outside of the package. The stubs at the bottom are brief sales records, one for the salesman and one for the voucher clerk.

#### ADVERTISING DEPARTMENT

##### *Organization:*



##### *Source of information:*

The members of this department, under the chaperonage of Miss Martha Gerdes, visited Vandervoort's, and received a morning's instruction at the hands of the sales manager, Mr. C. L. Brittain, and the advertising manager, Mr. W. J. Hencke. Mr. Brittain, in his talk, told what advertising is and why it is necessary. He described the fundamental characteristics of effective advertising, laying especial emphasis upon the necessity for "truth." Mr. Hencke then gave an illustration of the process of building an "ad," using as a basis the full-page advertisement which he was at that time preparing for a Sunday paper. He explained the reasons for the posi-

tion of certain features, size of type, location of cuts, box sections, etc.

It should be noted here that, during the weeks following, advertisements written by the pupils of this department were occasionally submitted to Messrs. Brittain and Hencke for criticism, which they were kind enough to give.

Miss Jessie M. Gleyre, assistant supervisor of drawing in the St. Louis public schools, gave a very instructive talk to this group on another day, discussing the place of art in the business world. She also gave definite help in the construction of posters and other forms of advertising.

*Procedure:*

1. Ads written: Following is a complete list of the forms used:  
A-1, Advertising the bank (made up by the bank officials).

A-2, A-3, Advertising the sale of corporation stock.

A-5, Calling for articles to be loaned or donated for the sale.

A-6, Letter to prospective customers.

A-8, A-9, Twenty-five or thirty posters to be displayed in the various departments on the day of the sale calling attention to certain articles on sale, etc.

There were also individual letters written to persons whom the children particularly desired to be present.

2. Making up an ad: Inasmuch as there was usually only one ad to be written at a given time, every writer in the department constructed his conception of it. In some cases the best of these was accepted for actual use, and in some the final draft was a combination of the good points of many. The ad writing was always preceded by some discussion of a general nature to bring out the purposes of the advertisement and the application of principles previously learned.

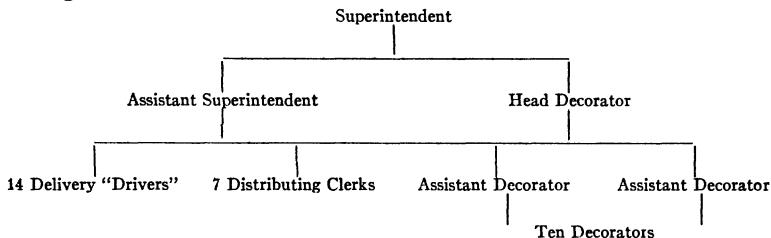
3. Newspaper advertising: Since advertisements such as those referring to the sale of corporation stock usually appear in the newspapers, a realistic touch was given these ads by having them appear on the back of a news sheet, the latter being facetiously dubbed the *Irving Occasional News*.

4. Post office: The post office was conducted as an adjunct to the advertising department. There were a collector, a stamper, an assorter, two distributing clerks, and seven carriers. The carriers were members of the respective departments which they

served, the other post office employees being members of the advertising department. The operations of this feature were so simple that no apparatus was needed. The employees were, however, cranky to the last degree on matters of postal rules, and a letter had to pass a rigid examination in order to be sent on its way.

DEPARTMENT OF ARRANGEMENTS AND DELIVERY

*Organization:*



*Source of information:*

Miss Violet Wood, who was sponsor for this department, happened to have some acquaintances experienced in this work, and from them she got information upon different phases of this feature.

*Procedure:*

1. **Arrangements:** This work will need little explanation. The pupils had to determine the location, for the day of the sale, of all the various kinds of merchandise. Household goods were placed in a room ordinarily equipped with movable chairs, which for the occasion could be cleared. Clothing was located in a room having deep wardrobes. Music was placed in a room containing a piano and located at some distance from the credit department; this proved a wise arrangement, since the lusty demonstrators of sheet music disturbed deliberate and solemn conferences in nearby rooms.

2. **Delivery:** The distributing clerks assorted the delivery slips which in ordinary business would be pasted upon the packages, and handed them to the several delivery drivers; to each of the latter a definite route had been assigned. Each driver arranged his itinerary and actually went to the houses and delivered the slips in lieu of the impossible packages.